

## Message Text

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ACTION ARA-10

INFO OCT-01 ISO-00 ARAE-00 CIAE-00 COME-00 EB-07 INR-07

LAB-04 NSAE-00 RSC-01 SIL-01 OMB-01 AID-05 INT-05

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FM AMEMBASSY CARACAS

TO SECSTATE WASHDC IMMEDIATE 7370

C O N F I D E N T I A L CARACAS 0846

E.O. 11652: GDS

TAGS: ELAB, PFOR, ECON, VE

SUBJECT: CAP ORDERS IRON MINERS BACK TO WORK

REF: CARACAS 762 (B) CARACAS 818

SUMMARY: FOLLOWING THE WILDCAT STRIKE OF ALL THE IRON WORKERS AT THE RECENTLY-NATIONALIZED ORINOCO MINING AND IRON MINES COMPANIES WHICH BEGAN JANUARY 20, PRESIDENT PEREZ HAS ORDERED THE WORKERS TO RETURN TO WORK BY JANUARY 23, THUS PRECIPITATING A SERIOUS POLITICAL PROBLEM FOR THE PRESIDENT WHICH COULD HAVE IMPORTANT IMPLICATIONS FOR VENEZUELAN LABOR AND THE PRESIDENT'S DOMESTIC POLITICAL PROGRAM. END SUMMARY

1. PRESIDENT CARLOS ANDRES PEREZ ISSUED A PRESIDENTIAL DECREE ON JANUARY 21, 1975 ORDERING STRIKING IRON MINERS AT THE ORINOCO MINING AND IRON MINES COMPANIES AT CIUDAD GUYANA TO RETURN TO THE JOB AS OF THE FIRST SHIFT ON JANUARY 23 OR FACE LOSS OF EMPLOYMENT. THE DECREE BRANDS THE STRIKE AS A WILDCAT AND STATES THAT "AFTER THE NATIONALIZATION OF IRON (THE STRIKE AGAINST THE STATE) CONSTITUTES A GRAVE THREAT AGAINST THIS NATIONALISTIC ACT".

2. THE MINISTER OF LABOR HAS ISSUED A LENGTHY STATEMENT ACCOMPANING  
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THE PRESIDENTIAL DECREE PROTESTING THE INJUSTICE  
OF A STRIKE DESIGNED TO PRESSURE THE GOV INTO PAYING INDEMNIFICATIONS  
"WHICH THIS SAME GOVERNMENT HAS AGREED TO PAY AND WHICH IT NEVER  
OCCURRED TO IT NOT TO PAY ?"

3. THE PRESIDENT OF THE CORPORACION VENEZOLANA DE GUAYANA (CVC),  
ARGENIS GAMBOA, COMPLAINED THAT THE WORKERS HAVE YET TO PRESENT A  
WRITTEN COMPLAINT TO MANAGEMENT. HE POINTED OUT THAT THE CVG  
AND THE CONFEDERATION OF VENEZUELAN WORKERS (CTV) HAVE JUST SIGNED  
AN AGREEMENT FORMING A BIPARTITE COMMISSION REPRESENTING MANAGEMENT  
AND LABOR TO SUPERVISE DISBURSEMENT OF THE FORTY-FIVE MILLION  
DOLLAR DEPOSIT MADE BY U.S. STEEL AND BETHLEHEM STEEL JANUARY 1  
IN THE CENTRAL BANK TO GUARANTEE THE BENEFITS UNDER DISPUTE.  
GAMBOA ALSO STATED THAT HE WOULD RESIGN HIS POSITION IF THE GOV  
PAID THE WORKERS THEIR INDEMNIFICATION IN CASH IN ORDER TO GET  
THEM BACK TO WORK (THIS STATEMENT WAS MADE PRIOR TO ISSUANCE OF  
THE PRESIDENTIAL DECREE).

4. JOSE MOLLEGAS, PRESIDENT OF THE METAL WORKERS FEDERATION  
(FETROMETAL) HAS SIDED WITH THE GOV AND URGED THE WORKERS TO RETURN  
TO THEIR JOBS WHILE THE CONFUSION "DUE TO LACK OF PROPER COMMUNICATIONS"

IS RESOLVED. THE MOVIMIENTO DE IZQUIERDA REVOLUCIONARIO (MIR) HAS  
SIDED WITH THE WORKERS, STATING PUBLICLY THAT THE CVG IS TRYING TO  
DESTROY THE CONTRACTUAL RIGHTS OF THE IRON MINERS BECAUSE THE  
CVG DOES NOT WANT THE WORKERS IN ITS SIDOR STEEL MILL TO HAVE THE  
SAME RIGHTS AS THOSE ENJOYED BY THE IRON MINERS. OTHER  
NATIONAL LABOR GROUPS HAVE YET TO DECLARE THEMSELVES ON THIS  
EXPLOSIVE ISSUE.

5. CARLOS PINERUA, PRESIDENT OF THE PETROLEUM WORKERS FEDERATION  
(FEDEPETROL), DECLARED THAT HIS FEDERATION WILL NOT REPEAT NOT  
STRIKE TO DEMAND IMMEDIATE PAYMENT OF SEPARATION PAY WHEN THE  
PETROLEUM INDUSTRY PASSES FROM PRIVATE TO PUBLIC HANDS.  
FEDEPETROL IS SATISFIED WITH THE ARRANGEMENTS WHICH HAVE ALREADY  
BEEN MADE FOR DEPOSITING IN THE CENTRL BANK THE MONIES DESTINED  
FOR THESE PAYMENTS.

6. THE SIX TO EIGHT SMALL SEMI-INDEPENDENT UNIONS WHICH REPRESENT  
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THE 3,000 IRON MINERS CONTINUE TO SUPPORT THE STRIKE, WHILE  
DISCLAIMING RESPONSIBILITY FOR HAVING CALLED IT. OTHER LOCAL LABOR  
ORGANIZATIONS IN THE CIUDAD GUAYANA AREA HAVE DECLARED THEIR  
SOLIDARITY WITH THE IRON MINERS. SOME IRON MINERS HAVE THREATENED  
THAT THEY WILL NOT RETURN TO WORK UNTIL THE INDEMNIFICATIONS ARE  
PAID.

7. THE CVG ESTIMATES THE ECONOMIC LOSSES FROM THE STRIKE AT OVER

ONE MILLION DOLLARS A DAY. THESE LOSSES COULD ESCALATE SHARPLY IF THE SIDOR STEEL MILL, WHICH DEPENDS ON ORE FROM THE ORINOCO MINING COMPANY'S BRIQUETTE PLANT, HAS TO CURTAIL ITS OPERATIONS. BETHLEHEM STEEL HAS TOLD EMBASSY OFFICERS THAT IT HAS A TWO-MONTH STOCKPILE AT SPARROWS POINT AND  
THUS THE STRIKE POSES NO IMMEDIATE THREAT  
TO ITS U.S. PRODUCTION. U.S. STEEL DECLINED TO COMMENT TO THE EMBASSY ON ITS OWN SUPPLY SITUATION.

COMMENT: PRESIDENT PEREZ'S DECISION TO ISSUE A PRESIDENTIAL DECREE IS A RADICAL ONE. HE IS REGARDING THE STRIKE AS A PERSONAL THREAT TO HIM AND TO HIS COMMITMENT TO NATIONLIZE VENEZUELA'S BASIC RESOURCES WHICH IS CENTRAL TO HIS DOMESTIC PROGRAM. TOMORROW

(THE DEADLINE SET FOR THE WORKERS' RETURN) WILL TELL IF PEREZ'S FIRM ACTION WILL CALM A DIFFICULT SITUATION OR WHETHER IT WILL PROVOKE A CONFRONTATION FRAUGHT WITH SEVERE POLITICAL AND ECONOMIC REPERCUSSIONS FOR VENEZUELA.  
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